Greenhouse Gas Protocol Product/Supply Chain Initiative

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Resource Conservation Challenge

2010 Workshop

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Outline

- Overview of the GHG Protocol Initiative
- The Growing Practice of GHG Management
- GHG Protocol Supply Chain Initiative
  - Standards Under Development
  - Timeline
  - Road Testing Process
- Impact on Sustainable Materials Management

The Greenhouse Gas Protocol Initiative
The foundation for sound and sustainable climate strategies

Greenhouse Gas Protocol Initiative

- Convened in 1998 by WRI and WBCSD

- A multi-stakeholder partnership of businesses, NGOs, governments and others convened by WRI and WBCSD

- Mission: Develop internationally accepted GHG accounting and reporting standards and to promote their use worldwide

The Greenhouse Gas Protocol

A Corporate Accounting and Reporting Standard
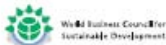REVISED EDITION

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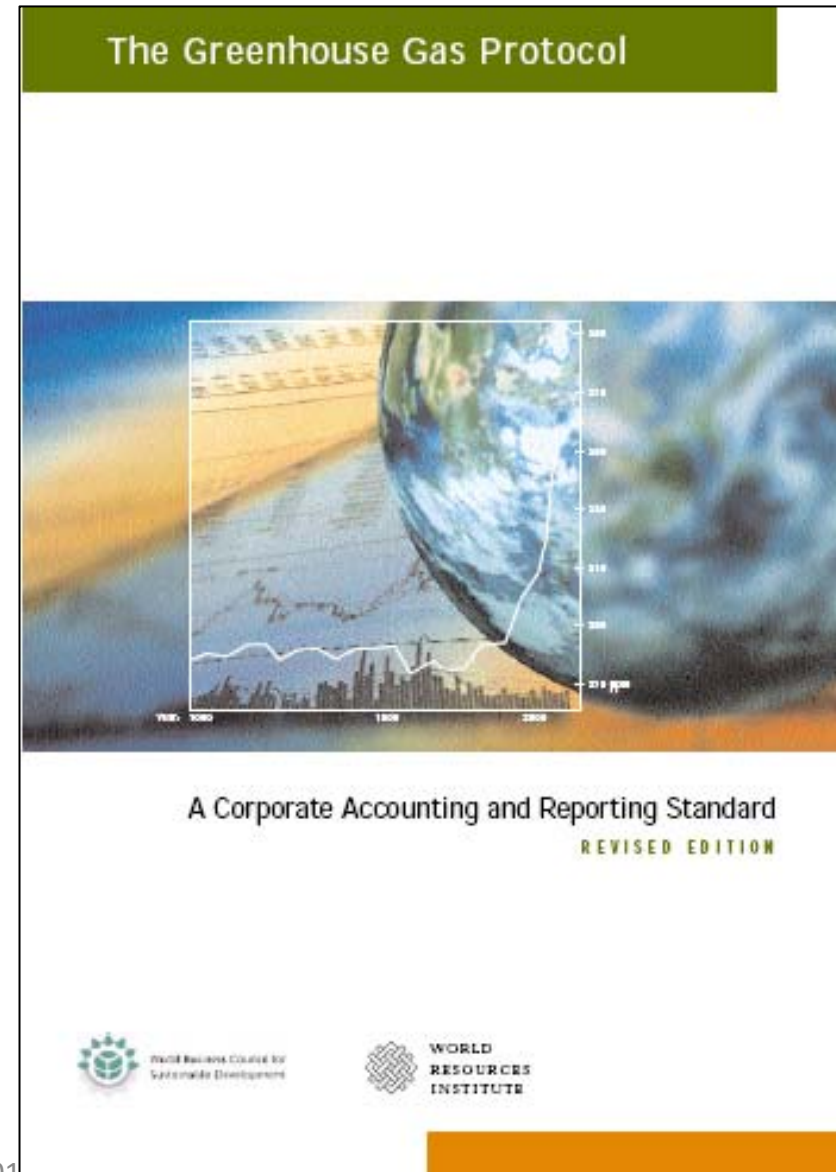
GHG Protocol Publications

The Greenhouse Gas Protocol
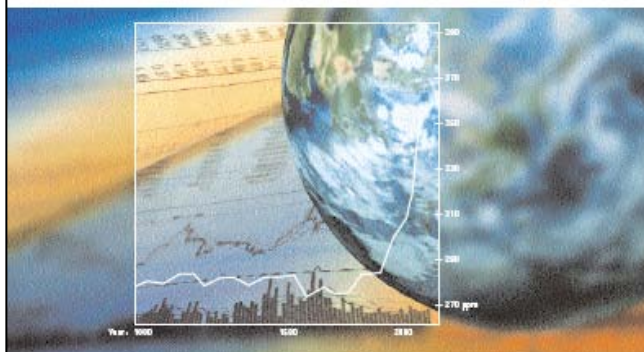
A Corporate Accounting and Reporting Standard
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The GHG Protocol for Project Accounting

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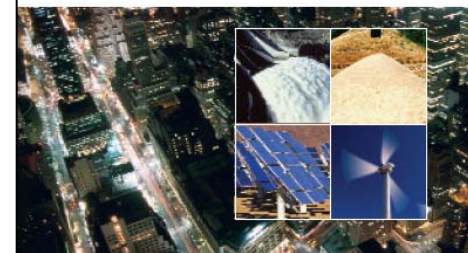
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The Land Use, Land-Use Change, and Forestry Guidance for GHG Project Accounting

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Guidelines for Quantifying GHG Reductions from Grid-Connected Electricity Projects

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The Growing Practice of GHG Management in the Supply Chain

- Corporate GHG management moving beyond companies' own operations, toward full value chain

    - **Investors** pushing for supply chain GHG disclosure and risk management

    - **Programs and policies** increasing public reporting of scope 3 and product-level GHG emissions

    - **Companies** requesting product and supply chain information from suppliers

New Standards in Development:
The Supply Chain Initiative

## Scope 3 (Corporate Value Chain) Accounting & Reporting Standard

- Quantify and report major GHG emissions in the value chain at the company/organization level (scope 3)

- To understand, manage, and report GHG emissions across the entire value chain

- Build on GHG Protocol Corporate Standard

Product Life Cycle Accounting & Reporting Standard

- Quantify and report product-level emissions

- To understand, manage, and report the life cycle GHG emissions associated with individual products

- Build on existing life cycle assessment standards

Scope 3 Accounting and Reporting Standard
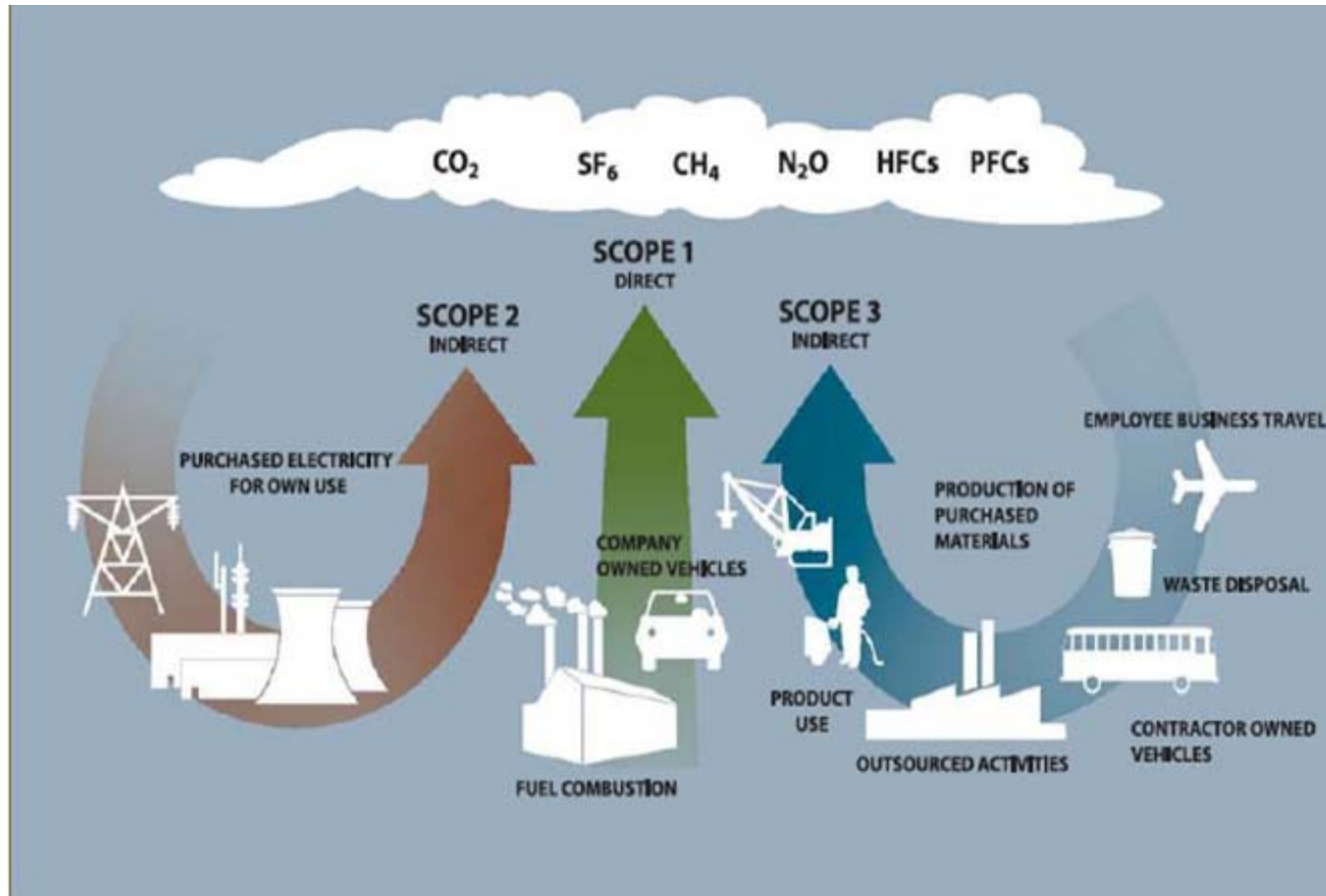
- **Scope 3 emissions** = All other indirect emissions upstream & downstream of a company

Scope 3 Accounting and Reporting Standard

- Drivers for a new standard:
  - Increasing number of companies looking beyond their own boundaries
  - Increased awareness and management of climate-related risks along the supply chain

- Standard goal: provide a consistent and robust reporting methodology to support GHG emissions transparency and management along the value chain

Cradle to Gate emissions of purchased products and services

Emissions from the company's operations

Gate to Grave emissions from sold products and services

VALUE

CHAIN

Purchase

Sale

Tier 1 Suppliers

Reporting Company

Raw Materials

Energy Activities

Capital Equipment

Transportation

Product Distribution

Product Use

Product Disposal

Cradle

Grave

Gate

Gate

Scope 2 and 3

Scope 1
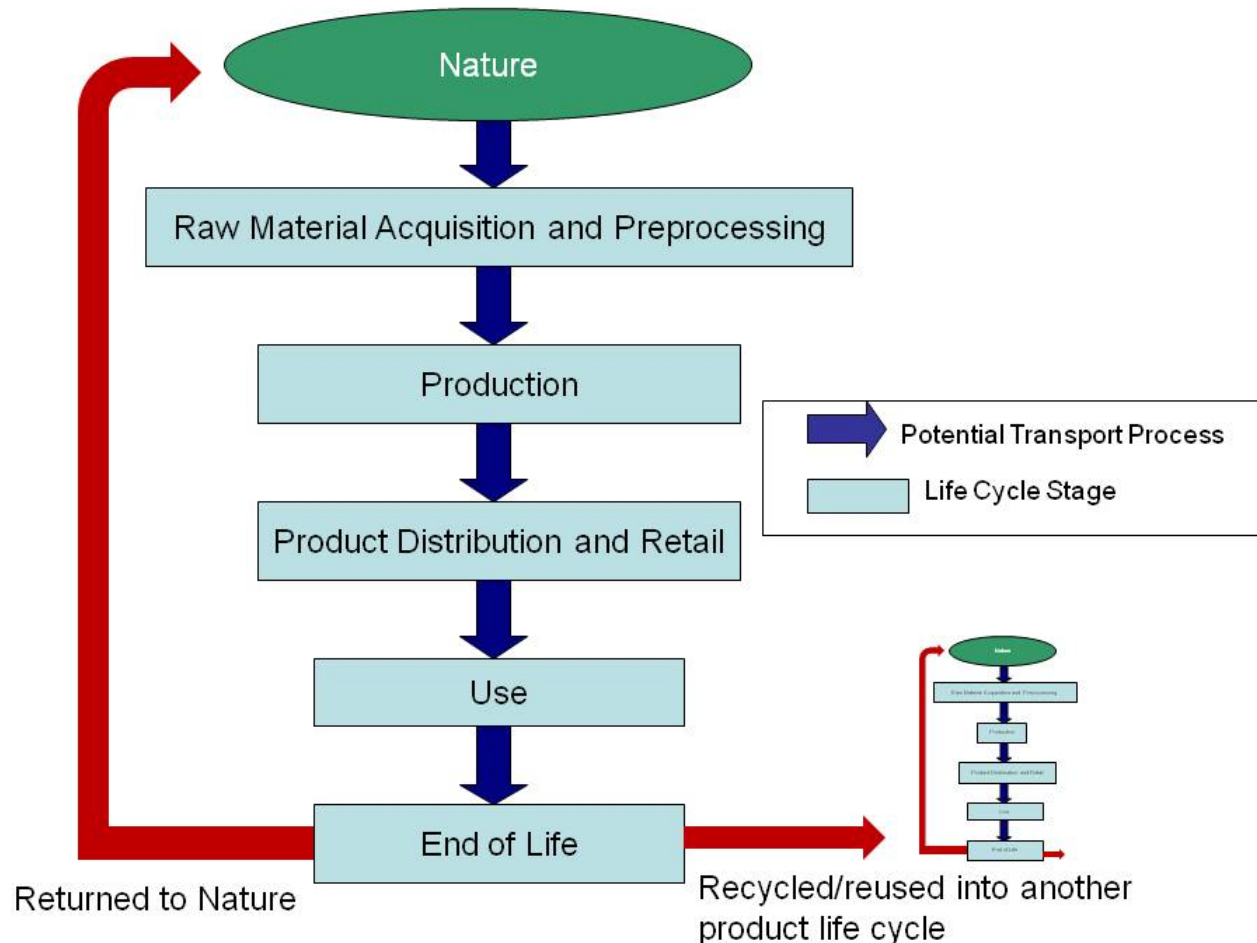
Scope 3

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Product GHG Life Cycle Standard

- The overarching method for accounting for product GHG emissions is *a life cycle approach*

Product GHG Life Cycle Standard

- Drivers for a new standard:
  - Increased demand for GHG inventory data
    - Business-to-business
    - Business-to-customer
  - Importance of the product life cycle to a company's supply chain emissions
  - Need for an accounting <u>and</u> reporting standard
- Standard Goal: Provide a consistent accounting and reporting standard for public disclosure of product-level GHG emissions and ultimately influence decisions to reduce GHG impacts along a product's life cycle

Product GHG Life Cycle Standard

- Business value created through conducting product-level GHG inventories may include:
  - Supplier engagement and reduction opportunities
  - Tracking reductions through public reporting
  - Product differentiation
- Is this a product labeling standard? NO
  - This standard is general enough to be used for a wide range of products and sectors
  - More prescriptiveness is recommended for product comparisons like labeling

Process Structure for Standard Development

WRI/WBCSD Secretariat

Steering Committee (25 members)

**Product
Technical Working
Groups
(100+ members)**

**Scope 3
Technical Working
Groups
(60+ members)**

Stakeholder Advisory Group (1,000+)

Product Standard

Scope 3 Standard
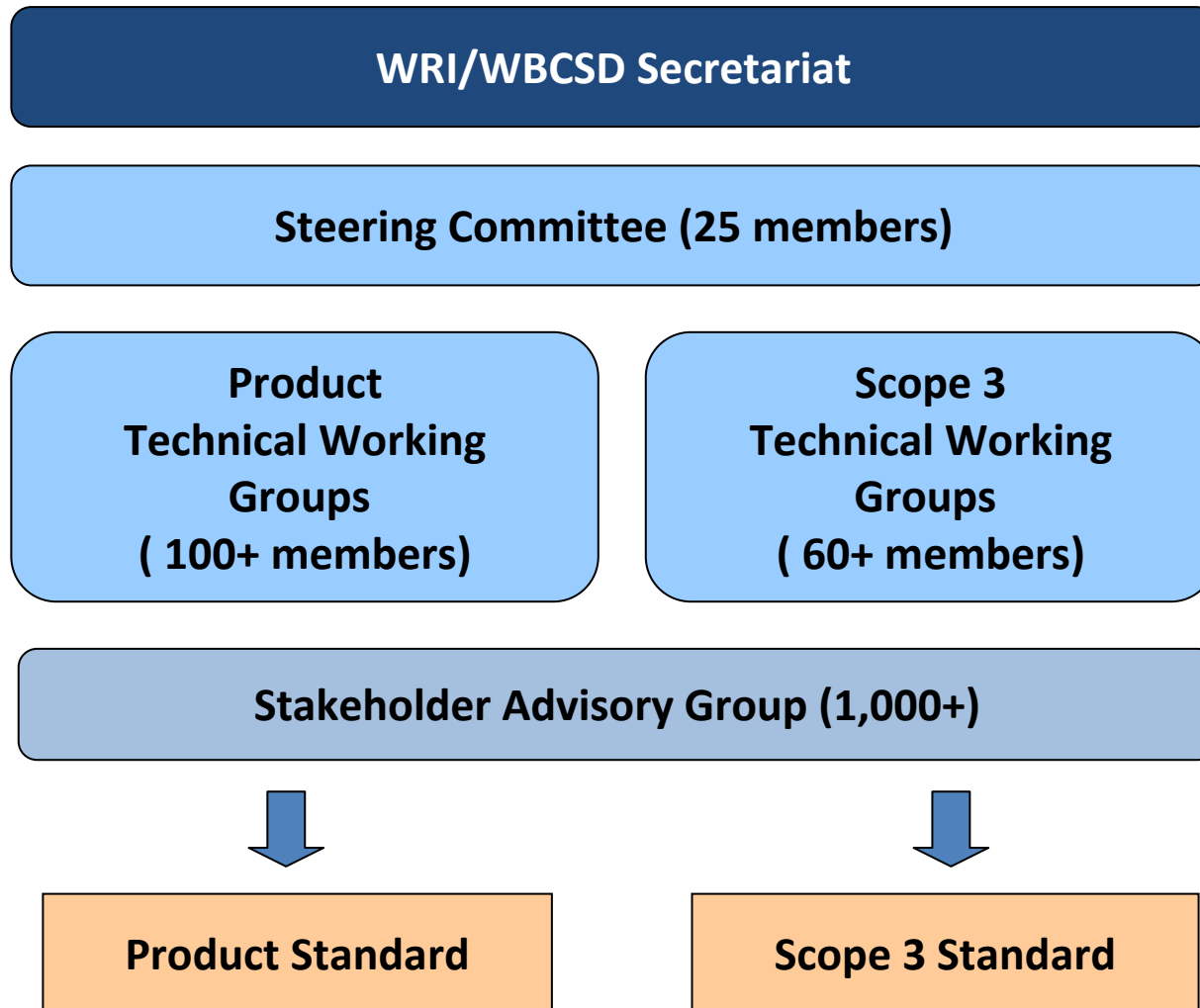
Timeline

Date	Activity
November 2007	✓ Survey and consultations to assess need for new standards
September 2008	✓ Steering Committee Meeting #1 (Washington DC) ✓ Technical Working Group Meeting #1 (London)
January 2009	✓ Working groups begin drafting
March 2009	✓ Steering Committee Meeting #2 (Geneva)
June 2009	✓ Technical Working Group Meeting #2 (Washington DC)
August 2009	✓ Stakeholder webinar and comment period
October 2009	✓ Steering Committee Meeting #3 (Washington DC)
November - December 2009	✓ First draft of standards released for stakeholder review ✓ Five stakeholder workshops (in Berlin, Germany; Guangzhou, China; Beijing, China; London, UK; Washington, DC, USA) ✓ Stakeholder comment period on first drafts
January - June 2010	▪ Road testing by several companies
Summer/Fall 2010	▪ Public comment period on second drafts
December 2010	▪ Finalize Standard Text for Publication

Road Testing

- Unique to other standard development processes
- Over 70 companies are completing a road test of one or both of the new standards
  - Monthly progress calls, in-person workshop
  - Road Testers provide practical feedback on the usability of the standards
- This feedback, along with stakeholder comments, will be used to update the standards before the next public comment period

Scope 3 Standard Road Testing Companies

3M Company	Kraft Foods
Abengoa	Levi Strauss & Co.
Acer Inc	National Grid
Airbus S.A.S	Natura Cosméticos
AkzoNobel	New Belgium Brewing
Alcan Packaging	PE International
Autodesk, Inc.	Pfizer
Baoshan Iron & Steel CO. LTD	Pinchin Environmental Ltd.
BASF SE	PricewaterhouseCoopers
Coca-Cola Erfrischungsgetränke AG	Public Service Enterprise Group, Inc.
Deutsche Post DHL	SAP AG
Deutsche Telekom AG	SC Johnson and Son
Eclipse Networks (Pty) Ltd.	Siemens
Ford Motor Company	Suzano Pulp and Paper
US GSA Federal Acquisition Service	Swire Beverages
Hasbro Inc.	UK Highways Agency
Hydro Tasmania	Veolia Water
IBM	VT Group
IKEA	Webcor Builders
Italcementi Group	

Product Standard Road Testing Companies

3M Company	Italcementi Group
Acer Inc	JohnsonDiversey
AkzoNobel	Lenovo
Alcoa	Levi Strauss & Co.
Amcor	Mitsubishi Chemical Corporation
Anvil Knitwear, Inc.	Natura Cosméticos
Baoshan Iron&Steel CO. LTD	New Belgium Brewing
BASF SE	PepsiCo, Inc.
Belkin	Procter & Gamble Eurocor
Belron International	Rogers Communications
Bloomberg LP	Shanghai Zidan Food Packaging and Printing Co., Ltd.
BT plc	Shell International Petroleum Company Ltd
CA, Inc.	Siemens AG
Colors Fruit SA (Pty) Ltd	Suzano Pulp and Paper
Deutsche Post DHL	Swire Beverages
Deutsche Telekom AG	TAL Apparel Limited
DuPont	Tech-Front (Shanghai) Computer Co., Ltd. / Quanta Shanghai Manufacturing City
Eclipse Networks (Pty) Ltd.	Tennant Company
Ecolab	Verso Paper Corp.
General Electric	Weyerhaeuser
Gold'n Plump Poultry, LLC	WorldAutoSteel

List of Products (to date)

2.5 MW Wind Turbine	Food Packaging Product
Advanced High Strength Steels	Forged Aluminum Wheel
AnvilSustainable™ Transitional Cotton Tee	Home insurance
Bloomberg Flat Panel	Hot rolled coil
Bresso Packaged Cream Cheese	Industrial Chemicals
Calcestruzzo (concrete)	Just BARE chicken
Chemicals for a T-Shirt Production	Magazine
Citrus Fruit Exports from South Africa to the UK	Men's Levi Jeans
Coated Freesheet Paper	MPLS (Multi-Protocol Label Switching) network product
Coca-Cola Branded Products	Non-iron shirt
Conserve Smart AV	Notebook Computer
Cosmetics and soap products	Restaurant Meals
Cotton bleached fabric	Scotchkote Spray in Place Pipe 269 Coating
Desktop Computer	SIPROTEC 4 (Universal Differential Protection Relay for Two Line Ends)
Detergent	Solution tank for a T3 with ec-H2O floor scrubber
Deutsche Post PLUSPÄCKCHEN; DHL Express TDI	Vehicle windscreen replacement/repair
European Disposable Diaper Size 4	Videoconferencing system
Fat Tire Amber Ale	Wood Product

Impact on Sustainable Materials Management

- What impacts do the creation of these standards have to:
  - Promote efforts to manage materials and products on a life cycle basis
  - Build capacity and integrate materials management approaches in existing government programs
  - Accelerate the broad, ongoing public dialogue on life-cycle material management

Impact on Sustainable Materials Management

- Promote efforts to manage materials and products on a life cycle basis
- Both standards consider the life cycle of materials companies buy, produce, and sell
- Standards are based on a transparent, multi-stakeholder process
- Standards are publically available, applicable to a wide range of sectors
- Once standards are complete?
  - Training and tool development

Impact on Sustainable Materials Management

- Build capacity and integrate materials management approaches in existing government programs
  - Standards can serve as a foundation for government and non-government programs
- Accelerate the broad, ongoing public dialogue on life-cycle material management
  - Goal of both standards is public disclosure
  - Challenge: How to make this information meaningful to the public?

Reducing GHG Emissions with Sustainable Material Management

- Supply chain and life cycle approaches allow for reductions by:
  - Innovative product design
    - Smart packaging
    - Bio-based materials
    - Use-stage energy reductions
    - Durable, long-lasting products
  - Waste management and recycling
    - Using waste in subsequent product systems
    - Degradable products and packaging
    - Energy recovery
    - Recycling/buy-back programs

For More Information

- Please visit our website:

http://www.ghgprotocol.org/standards/product-and-supply-chain-standard

  - Access to the draft standards and other standard development materials
  - Become a stakeholder
    - Receive updates on the standard development process
    - Submit comments on the next draft

- For more information about the GHG Protocol Initiative: www.ghgprotocol.org

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Questions?

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Thank You

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